

Message Text

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ACTION ABF-01

INFO OCT-01 NEA-09 ISO-00 A-01 OMB-01 TRSE-00 AGR-05 EB-07

L-02 CIAE-00 INR-07 NSAE-00 OPIC-03 FS-01 AID-05 H-02

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R 241300Z APR 75

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 8307

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E.O. 11652: N/A

TAGS: EFIN, IN

SUBJECT: RUPEES AND ST. JOHNS

REF: NEW DELHI 4864

1. PERHAPS IT WOULD BE HELPFUL TO CLARIFY THREE ISSUES WHICH AFFECT PL 480 RUPEE AVAILABILITY.

2. THERE IS NO QUESTION OF REPAYING ANY RUPEES FROM ANY ACCOUNT TO COOLEY A. ALL RS. 65 MIGBION FOR NEPAL WERE FINANCED FULLY FROM COOLEY B. ALL FUNDS PRESENTLY IN COOLEY B, THEREFORE, ARE AVAILABLE AND UNATTACHED. THE BALANCE IN COOLEY B HAS RISEN FROM 47.4 MILLION (NEW DELHI 4864) TO 51.4 MILLION AS OF APRIL 21. THIS DOES NOT INCLUDE ANY NOTIONAL ATTRIBUTION TO COOLEY B AND IS NET OF ALL (NON-EXISTNET) OBLIGATIONS ON COOLEY B.

3. WE BELIEVE THE TREASURY POSITION THAT COOLEY B SHOULD NEVER BE PERMITTED TO FALL BELOW RS. 50 MILLION IS FAR TOO RIGID. IN FACT, HOWEVER, THIS IS NOT AN ISSUE SINCE WE ALREADY HAVE SUFFICIENT FUNDS IN THE COOLEY B ACCOUNT TO TAKE CARE OF CONVERSIONS ON JULY 1 AND WILL YMVE ENOUGH FUNDS TO TAKE CARE OF ST. JOHNS. IN THE LONGER RUN, HOWEVER, WE WOULD PREFER THAT TREASURY MODIFY ITS POSITION SO THAT

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AMOUNT IN ACCOUNT WOULD BE ALLOWED TO FALL BELOW 50 MILLION

LEVEL IF IT CAN BE CLEARLY DEMONSTRATED THAT ADDITIONAL RECEIPTS WILL BRING ACCOUNT TO 50 MILLION LEVEL BY CONVERSION DATE.

4. WE HOPE THAT YOU CAN FOCUS IN ON THE SPECIFIC ISSUE POSED IN OUR 4864 AND 5179, I.E., DO WE PRESENTLY HAVE SUFFICIENT FUNDS TO MAKE PAYMENTS TO ST. JOHNS WHILE MAINTAINING SUFFICIENT FUNDS IN COOLEY B TO HANDLE THE CONVERSION PAYMENT ON JULY 1. OUR NUMBERS INDICATE THIS IS CERTAINLY THE CASE.

5. PERHAPS IT WOULD BE USEFUL TO EXPLAIN SOMEWHAT THE CONCEPT THAT UNDERLIES OUR ADDITIONAL RECEIPTS (CURRENTLY RS. 11 MILLION) FROM COOLEY A. WE HAVE REPORTED TO THE GOI THAT WE SPENT RS 11 MILLION FROM COOLEY A TO FINANCE JOINT RESEARCH PROJECTS WHICH WERE IN EXISTENCE ON FEBRUARY 18, 1974. IN FACT, THESE HAVE BEEN FINANCED FROM THE RUPEE ACCOUNT. THESE PL 480 RUPEES ARE, THEREFORE, AVAILABLE FOR LEGITIMATE PL 480 PURPOSES, SUCH AS THE GRANT TO ST. JOHNS.

6. WE HOPE THAT YOU CAN SECURE APPROVAL FOR THE COMPROMISE OUTLINED IN NEW DELHI'S 5179, I.E., RS. 13 MILLION NOW AND THE REMAINDER PRIOR TO JUNE 30 IF (AS WE EXPECT) COLLECTIONS ARE SUFFICIENT FOR THIS PURPOSE. THIS AVOIDS ALL CONTROVERSY OVER FUTURE RECEIPTS AND GUARANTEES TREASURY ITS FULL CONVERSION FROM COOLEY B ON JULY 1. GOOD LUCK.
SAXBE

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Margaret P. Grafeld
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